

**IN THE CHANCERY COURT FOR LEWIS COUNTY, TENNESSEE
AT HOHENWALD**

IN RE:

SENTINEL TRUST COMPANY

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NO. 4781

**MOTION FOR APPROVAL OF FINAL DISTRIBUTION REGARDING JEFFERSON
COUNTY, PINE BLUFF, ARKANSAS BOND ISSUE, FOR A DECLARATION THAT
THE BONDS ARE OF NO VALUE AND FOR ENTRY OF AN ORDER AS
FINAL PURSUANT TO RULE 54.02 TENN.R.CIV.P.**

I. INTRODUCTION

Sentinel Trust Company, in Liquidation ("Sentinel Trust") moves the Court 1) to approve the final distribution regarding the Jefferson County, Pine Bluff, Arkansas Healthcare Facility First Mortgage Revenue Bonds, Series 1999A, 1999B (Taxable) and 1999C (Subordinate) -- hereinafter "Jefferson County Bond Issue," 2) to declare that the bonds are of no value and 3) to have the Order of Court issued in relation to this Motion be entered as a Final Order pursuant to Rule 54.02 Tenn.R.Civ.P. This Motion is filed and approval of the Court is sought pursuant to T.C.A. § 45-2-1504.

II. FACTUAL BACKGROUND

The 1999 Jefferson County Bond Issue related to the financing of a nursing home facility in Pine Bluff, Jefferson County, Arkansas. The Jefferson County Bond Issue fell into default in late 2000, well prior to the institution of the Sentinel Trust Receivership. Previous Sentinel Trust management had an Arkansas receivership action instituted in April 2001 regarding the default --

Sentinel Trust Company v. The Teaching Ministry d/b/a Trinity Healthcare, et al,
#5-01-CV-00115 (U.S. Dist. Ct. E.D. Ark.) (Howard).

From information regarding the pre- Sentinel Trust Receivership timeframe, and from personal experience regarding the post- Sentinel Trust Receivership timeframe, the Sentinel Trust Receiver asserts that the Jefferson County Bond Issue default has been a difficult and frustrating one. Numerous efforts to sell the facility were pursued, many of which resulted in potential buyers making promises, but ultimately not being able to close the transaction. Prior to the institution of the Sentinel Trust Receivership, what appears to have been an acrimonious replacement of the local Arkansas receiver occurred. The facility, while remaining open during the entire time, was operating either on the thinnest of profit margins or was operating in the red. Patient population had been decreasing, and the local Arkansas receiver was having to defer elective maintenance issues.

On April 18, 2005, the Sentinel Trust Receiver moved the Court to approve the sale of the Jefferson County facility for the amount of \$860,000.00. Notice of that motion was provided to all Jefferson County Bond Issue bondholders.¹ That motion was granted by order of the Court entered on May 23, 2005. See Exhibit A. Pursuant to Rule 54.02 Tenn.R.Civ.P., that order was entered as a final order, and no notice of appeal was filed in relation thereto. A similar order approving the sale of the facility was entered by the Arkansas receivership court on May 27, 2005. See Exhibit B. Complications concerning matters ranging from the buyer's tardy escrowing of funds to the buyer's untimely efforts to conduct due diligence slowed, and made

¹ In that motion, the Sentinel Trust Receiver explained that the proceeds from the sale would be under the control of the local Arkansas receivership court and that the funds transferred to the Sentinel Trust Receiver would likely be a net amount after various deductions, as allowed by that court. See Sentinel Trust Receiver's Motion for Approval of Sale of Pine Bluff Jefferson County Facility at p. 5-6 (filed 4/18/05).

expensive, the process of moving toward closing. On June 30, 2005, the closing of the sale of the facility finally occurred.

On August 4, 2005, the local Arkansas receiver filed with the Arkansas receivership court a Report of Sale, Motion for Approval of Distribution of Sale Proceeds and for Approval of Receiver's Fees ("Arkansas motion for approval"). See Exhibit C. The Arkansas motion for approval sets forth the various charges, deductions and expenses to be taken from the \$860,000.00 sales proceeds, which yields a net amount of \$401,202.32 to the Sentinel Trust Receivership.² See Exhibit C at 1-2.

All of the items listed in the Arkansas motion for approval are straightforward, but, particularly since these deductions, charges and expenses aggregate to approximately \$450,000.00, several deserve further explanation. First, the broker's commission of five percent (5%) of the sales price (\$43,000.00) was pursuant to a listing contract entered into prior to the institution of the Sentinel Trust Receivership which the Sentinel Trust Receiver felt should be honored. Second, taxes otherwise due and owing (approximately \$30,000.00 of 2004-05 general taxes and approximately \$64,000.00 in back property taxes) were not paid during the pendency of the Arkansas receivership because of the lack of funds available to the local Arkansas receiver. Obviously, those taxes had to be paid prior to or at closing and, indeed, to undersigned counsel's understanding, the Arkansas taxing authorities had placed various liens upon the sale proceeds. Third, the \$143,000.00 payment to Tri-Health (who was the former local Arkansas receiver) was pursuant to the local Arkansas receivership court's order signed in that receivership proceeding on May 18, 2004, which, by sheer coincidence, is the date of the

² On July 15, 2005, prior to the filing of the Arkansas motion for approval, but based on the information set forth in that motion, the local Arkansas receiver transferred \$401,202.32 to the Sentinel Trust Receivership.

institution of the Sentinel Trust Receivership. See Exhibit D. This \$143,000.00 was ordered to be paid from the proceeds of the sale of the facility and is the result of a settlement and compromise made prior to the institution of the Sentinel Trust Receivership concerning Tri-Health's claim for receiver fees. Finally, in the Arkansas motion for approval, approval is sought by the local Arkansas receiver to retain \$170,000.00 to address accounts payable, including approximately \$75,000.00 owed to the local Arkansas receiver in fees. While approval of the local Arkansas receiver's fees is not within the province of the Sentinel Trust Receiver nor this Court, it does not appear that the approximately \$75,000.00 is unreasonable. The fees are charged, pursuant to order of the Arkansas receivership court, at \$85/hour for professional services and \$40/hour for non-professional services³ and reflects work done and services provided for six (6) months (January 2005 - June 2005). The additional approximately \$95,000.00 is being retained to pay trade creditors and vendors of the local Arkansas receiver -- it was estimated at the June 30th closing that, after collection of remaining accounts receivable, the local Arkansas receiver would need between \$80,000.00 and \$90,000.00 to pay off the vendor/trade creditor debt incurred in relation to the operation of the facility up until closing. It is anticipated that the local Arkansas receiver will address the disbursement of those funds as well as approval of additional fees incurred by it in further motion to the local Arkansas receivership court. See Exhibit C at ¶ 5. Accordingly, the local Arkansas receiver's plan of retaining approximately \$95,000.00 to address vendor/trade creditor debt appears reasonable, particularly since it has been agreed that any funds remaining will be distributed to the Sentinel Trust Receiver upon the closing of the local Arkansas receivership. See Exhibit F. Currently,

³ See local Arkansas receivership court's Agreed Order Approving Transfer of Receivership Duties to LTC-Systems/RX, LLC (#5-01-CV-00115 U.S. Dist. Ct. E.D. Ark.) (E.O.D. 12/12/03) -- copy attached as **Exhibit E** at p. 4.

however, \$401,202.32 has been transferred to the Sentinel Trust Receiver from the proceeds of the sale of the Jefferson County Bond Issue collateral.

III. DEDUCTION OF FEES AND EXPENSES

Prior to the May 2004 Sentinel Trust Receivership, former Sentinel Trust management took funds from the Pooled Fiduciary Account to pay for expenses incurred relating to the Jefferson County Bond Issue default. Also, at the time of the institution of the Sentinel Trust Receivership, amounts were owed to attorneys for work done, pre-receivership, specifically for the Jefferson County Bond Issue default. Moreover, since the institution of the Sentinel Trust Receivership, there have been expenses incurred by the receivership regarding this defaulted bond issue. It is in these areas that the Sentinel Trust Receiver proposes payment of the \$401,202.32.

Attached as **Exhibit G** is a document which sets forth the proposed distribution of the \$401,202.32 received by the Sentinel Trust Receiver, along with information relating to the total amounts otherwise paid or accrued in relation to the Jefferson County Bond Issue default.

First, it is proposed that the amount of out-of-pocket expenses incurred by the Sentinel Trust Receiver post- May 18, 2004 be paid -- an amount of \$78,081.09.⁴ Next, records available to the Sentinel Trust Receiver indicate that there were fees for attorney-provided services on the Jefferson County Bond Issue default pre- May 18, 2004 which were unpaid as of the institution of the Sentinel Trust Receivership and which are still unpaid. The total unadjusted amount of these attorneys' fees is \$37,282.35 from the Waller Lansden firm and \$612.06 from the Little

⁴ As shown in **Exhibit G**, this \$78,081.09 is comprised of post- May 18, 2004 property insurance costs, attorneys' fees, Sentinel Trust Receiver and receivership fees, a small amount of independent contractor's fees and a small reserve of \$2,500.00 for expenses attendant to matters relating to the instant motion and the distribution requested herein.

Rock, Arkansas firm of Dover, Dixon & Horne. The Sentinel Trust Receiver has determined that the fees and expenses owed to Waller Lansden and Dover Dixon are not unreasonable and appear to have been necessary for Sentinel to perform its duties as the indenture trustee for the Jefferson County Bond Issue. Nevertheless, as an accommodation to the circumstances confronting the Sentinel Trust Receivership, Waller Lansden and Dover Dixon have agreed to reduce the amount owed to them by fifty percent (50%), the totals thereafter being \$18,641.17 and \$306.03, respectively. See Exhibit G. The Sentinel Trust Receiver recommends that these reductions be accepted and that the Court approve the reduced amounts to be paid from the \$401,202.32 amount. Requesting payment of unpaid and discounted pre- May 18, 2004 attorneys' fees is consistent with previous motions by the Sentinel Trust Receiver⁵ even when there were inadequate funds realized from the sale of the defaulted bond collateral to "repay" the Pooled Fiduciary Account.⁶ Moreover, payment of unpaid and discounted pre- May 18, 2004 attorneys' fees has been ordered by the Court⁷ even when there were inadequate funds realized from the sale of defaulted bond collateral to "repay" the Pooled Fiduciary Account.⁸

The Sentinel Trust Receiver then proposes that the entire amount which former Sentinel Trust management took from the Pooled Fiduciary Account regarding the Jefferson County Bond Issue default be placed back into that account to address the deficiency caused by the actions of

⁵ Lee County, Alabama motion (filed 12/6/04); Maplecrest-Nashville motion (filed 12/6/04); Thompson Place-Nashville motion (filed 2/17/05) and Tarrant County, Texas motion (filed 2/17/05).

⁶ Washington County, Mississippi motion (filed 12/6/04).

⁷ Lee County, Alabama order (E.O.D. 12/15/04); Maplecrest-Nashville order (E.O.D. 12/15/04); Thompson Place-Nashville order (E.O.D. 3/1/05) and Tarrant County, Texas order (E.O.D. 5/23/05).

⁸ Washington County, Mississippi order (E.O.D. 12/15/04).

former Sentinel Trust management -- an amount, as shown by the Sentinel Trust books and records, of \$260,323.88. See Exhibit G.

After deducting these amounts (\$78,081.09 to the Sentinel Trust Receivership, \$18,947.20 to Waller Lansden/Dover Dixon and \$260,323.88 to the Pooled Fiduciary Account), \$43,850.15 would remain of the \$401,202.32. The \$260,323.88 amount noted above as being paid back into the Pooled Fiduciary Account does not include any accrued interest as to those withdrawn amounts. Therefore, the Sentinel Trust Receiver proposes that the remaining \$43,850.15 be transferred to the Pooled Fiduciary Account in partial recognition of that accrual of interest.⁹ The \$43,850.15 payment to the Pooled Fiduciary Account would be only a partial recognition of that accrued interest. Therefore, the Sentinel Trust Receiver further proposes that, if any additional funds are forwarded to it from the local Arkansas receiver, those funds should also be placed into the Pooled Fiduciary Account as further payment of the interest accrued on the funds that former Sentinel Trust management had taken from that account and spent on the Jefferson County Bond Issue default.¹⁰

⁹ This proposal results in \$304,174.03 being transferred to the Pooled Fiduciary Account to address the deficiency in that account (i.e., \$260,323.88 + 43,850.15). In a Notice of Filing of Schedules by the Sentinel Trust Receiver (filed July 26, 2005), it was estimated that approximately \$320,000.00 would be placed into the Pooled Fiduciary Account from the collateral proceeds of the Jefferson County Bond Issue default. Through oversight, that estimate in the July 26, 2005 filing did not factor in the approximately \$19,000.00 proposed payment to the Waller Lansden and Dover Dixon firms.

¹⁰ These additional funds would come from whatever excess remained of the \$170,000.00 being held by the local Arkansas (see Exhibit F). On this point, however, the Sentinel Trust Receiver wants to be clear. To the extent that there is any excess at all, the amount will, in all probability, be small. Therefore, no one should expect a material amount of additional funds to be transferred to the Sentinel Trust Receivership regarding this defaulted bond issue.

IV. PROPOSAL YIELDS NO PAYMENT TO JEFFERSON COUNTY BOND ISSUE BONDHOLDERS

Unfortunately, the proposed distribution of the amounts received from the sale of the Jefferson County Bond Issue collateral does not allow for any payment to the bondholders of that defaulted bond issue. For that reason, as part of this Motion, it is requested that the Court include in its order a declaration of “no value” as to the Jefferson County Bond Issue bonds.

V. ARGUMENT IN FAVOR OF PROPOSED DISTRIBUTION

There is no way to “sugar coat” this result to the Jefferson County Bond Issue bondholders -- it is proposed that they be paid nothing; it is proposed that the bonds be declared as having no value. However, that result does not detract from the reasonableness of the sale of the collateral -- which was done upon motion (notice of which was given to the bondholders) and order of this Court, as well as upon order of the local Arkansas receivership court. See Exhibits A and B. The harsh result to the Jefferson County Bond Issue bondholders does not detract from the necessity and fairness of 1) paying the expenses that were paid by the Sentinel Trust Receivership post- May 18, 2004, 2) paying a discounted amount of counsel fees incurred by outside counsel prior to the May 18, 2004 institution of the Sentinel Trust Receivership and 3) paying back the amount taken by former Sentinel Trust management from the Pooled Fiduciary Account with as much interest as can be paid with the remaining proceeds.

The problem presented, of course, is that the proceeds from the sale of collateral (given the charges and deductions that will occur at the local Arkansas receivership level) fall dramatically short of the charges, fees, expenses and accruals incurred and/or booked on the Jefferson County Bond Issue default. As shown on page two of **Exhibit G**, information from the Sentinel Trust books and records indicates that an amount of approximately \$710,000.00 (as opposed to the \$401,202.32 received) would have been needed to address all of the pre- and

post- Sentinel Trust Receivership fees, expenses, charges and accruals and the withdrawals from the Pooled Fiduciary Account. As established by previous orders of the Court addressing other defaulted bond issues, the expenses, charges and accruals (including the repayment of amounts taken from the Pooled Fiduciary Account) of the type set forth on page two of **Exhibit G** have been paid from the proceeds of the sale of the collateral of the particular defaulted bond issue, and the bondholders were then paid with whatever funds that remain. Therefore, it would only have been if an amount in excess of \$710,000.00 had been received that the Sentinel Trust Receiver would then have had funds available for a recommendation of a distribution to the Jefferson County Bond Issue bondholders.

Under the Sentinel Trust Receiver's proposal, each of the entities that is proposed to be paid are receiving a reduction or discount as to what it otherwise would have been paid had more funds resulted from the sale of the Jefferson County Bond Issue collateral.

The Sentinel Trust Receiver, under previous orders of this Court concerning other defaulted bond issues, has received payment of all the pre- and post- May 18, 2004 fiduciary fees, termination fees, default administration fees and related expenses accrued as payable to Sentinel Trust, as well as the post- May 18, 2004 expenses incurred by it. Based on the information presented in **Exhibit G** (at p. 2), the amount which, based on precedent, the Sentinel Trust Receiver has the right to be paid is \$304,825.91.¹¹ In juxtaposition to this approximately \$305,000.00 amount which the Sentinel Trust Receiver has, under previous Court orders, the right to be paid, it proposes that only \$78,081.09 be distributed to it as reimbursement for

¹¹ This is the sum of the \$148,426.55 amount of pre- May 18, 2004 accrued fiduciary, default administration and related fees and expenses, the \$86,255.77 amount of post- May 18, 2004 accrued fiduciary, default administration and related fees and expenses and the \$70,143.59 amount paid post- May 18, 2004 on the various expenses noted. See Exhibit G at p. 2.

amounts paid/or to be paid post- May 18, 2004 to its attorneys and independent contractors, for property insurance, for default administration services it has provided and for a small reserve for closing matters regarding this defaulted bond issue. It is only the dual circumstances of the Sentinel Trust Receivership having adequate funds upon which to operate and the insufficiency of the Jefferson County Bond Issue collateral proceeds that have guided the Sentinel Trust Receiver to forego, in this instance, pursuit of the full amounts payable to the Sentinel Trust Receivership.

As noted previously, Waller Lansden had unpaid invoices in the amount of \$37,282.35 and Dover Dixon had unpaid invoices in the amount of \$612.06 for work done pre- May 18, 2004 on the Jefferson County Bond Issue default. Both Waller Lansden and Dover Dixon have agreed to discount that amount by fifty percent (50%) to \$18,641.17 and \$306.03, respectively. Services were provided by these two law firms and, particularly in light of the discount, the amounts noted should be paid.

Finally, the proposed distribution calls for a total payment of \$304,174.03 to the Pooled Fiduciary Account. This distribution well covers the \$260,323.88 taken from the Pooled Fiduciary Account, but addresses only \$43,850.15 of the \$128,760.53¹² of interest that could be seen as having accrued on the amounts taken. Therefore, the Sentinel Trust Receiver proposes that, of the possible \$389,084.23¹³ amount, \$304,174.03 be paid. Had more funds been realized

¹² This \$128,760.35 is the sum of the calculated pre- May 18, 2004 interest accrued on the amounts taken (\$90,251.43) and the calculated post- May 18, 2004 interest accrued on the amounts taken (\$38,508.92). See Exhibit G at p. 2.

¹³ This \$389,084.23 amount is the sum of the \$260,323.88 amount shown to have been taken from the Pooled Fiduciary Account plus the \$128,760.35 of pre- and post- May 18, 2004 interest accrued on that amount. See Exhibit G at p. 2.

from the sale of the collateral, more could have been paid. But, it should be noted that the lion's share of the proceeds are being proposed for payment to the Pooled Fiduciary Account.

In sum, as to the proposed distribution, the Sentinel Trust Receivership would receive approximately \$78,000.00 of the approximately \$305,000.00 that is payable to it -- approximately twenty-five percent (25%); Waller Lansden and Dover Dixon would receive fifty percent (50%) of amounts payable to them; and the Pooled Fiduciary Account would receive approximately \$304,000.00 of the approximately \$389,000.00 that could be claimed as owed to it -- approximately eighty percent (80%). Respectfully, this approach, which stresses the spreading of the consequences of the deficient amount of proceeds from the Jefferson County Bond Issue collateral amongst all proposed distributees, but which slants toward a higher payout to the Pooled Fiduciary Account, seems the most fair, given the financial status of the Sentinel Trust Receivership itself.¹⁴ For these reasons, the Sentinel Trust Receiver argues in favor of the distribution proposed herein.

VI. REQUEST FOR COURT TO DECLARE THE JEFFERSON COUNTY BOND ISSUE BONDS OF NO VALUE

If the Court accepts the proposed distribution plan presented herein by the Sentinel Trust Receiver, one thing is clear -- the bonds held in relation to the Jefferson County Bond Issue will have no value. As shown in **Exhibit G** and otherwise throughout this Motion, after addressing the payment of the amounts taken from the Pooled Fiduciary Account and owed in relation to professional and default administration services, nothing remains for payment to the

¹⁴ Because, as reflected in the Notice of Filing of Schedules made by the Sentinel Trust Receiver on July 26, 2005, the current financial status of the Sentinel Trust Receivership is good, a higher payout to the Pooled Fiduciary Account, as opposed to the Sentinel Trust Receivership, makes sense. However, the Sentinel Trust Receiver does not waive its argument nor retreat from its position that previous amounts paid to it in the contexts of other defaulted bond issues were correct and justified.

bondholders. Accordingly, the Sentinel Trust Receiver requests that the Court provide, as part of its order, that the Jefferson County Bond Issue bonds are of no value.

Making such a provision in the Court's order is reasonable and would be of assistance to the Sentinel Trust Receivership and the bondholders. First, a declaration of "no value" would be reasonable because it is supported by the information presented in this Motion. If the proposed distribution is allowed, a declaration of "no value" would be true and accurate. Second, a declaration of "no value" would be helpful to the bondholders who could rely on the Court's order in pursuing whatever write-offs or tax reporting might be available to them. Finally, a declaration of "no value" would assist the Sentinel Trust Receivership in going forward in administering the affairs of the receivership -- e.g., there would be no need for the time-intensive and expensive process of having to receive the bonds themselves and to otherwise issue individual "no value" letters. For these reasons, the Sentinel Trust Receiver requests that the Court declare the Jefferson County Bond Issue bonds to be of no value.

**VII. REQUEST TO CERTIFY ANY ORDER APPROVING FINAL
DISTRIBUTION AS FINAL PURSUANT TO RULE 54.02 TENN.R.CIV.P.**

The Sentinel Trust Receiver further moves that if the Court approves the matters requested herein and has an order entered to that effect, then that order should be certified as a final order pursuant to Rule 54.02 Tenn.R.Civ.P. There is no just reason for delaying the finality of an order approving distribution of funds being held in relation to the Jefferson County Bond Issue default. The certainty of distributions and any declaration of "no value" made pursuant to the Court's order is enhanced through the entry of any order as a final order. Moreover, the Court has certified as final (and expressly directed the Clerk & Master to enter as final) orders addressing final distribution of funds on other defaulted bonds (see e.g., Ft. Pierce, Florida Order

(E.O.D. 5/23/05); Hernando County, Florida Order (E.O.D. 5/23/05); Tarrant County, Texas Order (E.O.D. 5/23/05) and Houston County, Georgia Order (E.O.D. 8/1/05)).

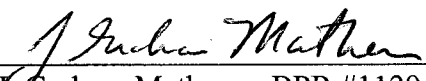
VIII. NOTICE TO BONDHOLDERS

Notice of this Motion has been provided to all of the current Jefferson County Bond Issue bondholders known to the Sentinel Trust Receiver. That Notice, a copy of which is attached as **Exhibit H**, was mailed on Monday, August 15, 2005, to each current bondholder at his/her/its address as reflected in the Sentinel Trust records. That Notice informs the bondholders of much of the contents of this Motion, informs them of when and where the hearing of this Motion is to occur, directs them to the Department of Financial Institutions website to review the full text of this Motion (including exhibits) and provides them with telephone numbers to call with questions.

IX. CONCLUSION

For the stated reasons, the Sentinel Trust Receiver requests that an Order of Court issue as requested herein.

Respectfully submitted,



Graham Matherne, BPR #11294
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2525 West End Avenue, Suite 1500
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(615) 244-0020

*Counsel for Jeanne Barnes Bryant and Receivership
Management, Inc., Receiver of Sentinel Company,
in Liquidation*

**THIS MOTION IS SET TO BE HEARD ON THE 29TH DAY OF AUGUST, 2005
AT 9:00 A.M. IN HOHENWALD, LEWIS COUNTY, TENNESSEE.**

CERTIFICATE OF SERVICE

This is to certify that on August 15th 2005 a copy of the foregoing Motion including Exhibits has been sent by First Class U.S. Mail, postage paid, and also by facsimile as noted, to:

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Financial Division
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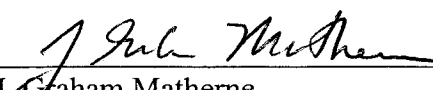
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J. Graham Matherne

RECEIVED
STACY

IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

FILED
AT 10:00 O'CLOCK A.

IN RE: SENTINEL TRUST COMPANY)
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CASE NO. 4781

MAY 23 2005

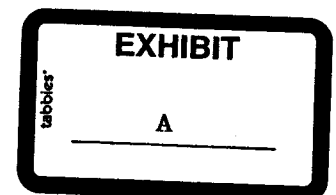
JANET WILLIAMS, CLERK & MASTER
BY Selena Wix

ORDER APPROVING SALE OF PINE BLUFF
JEFFERSON COUNTY, ARKANSAS FACILITY AND CERTIFYING
ORDER AS FINAL UNDER RULE 54.02 TENN.R.CIV.P.

On April 18, 2005, the Sentinel Trust Receiver filed with the Court a Motion for Approval of Sale of Pine Bluff Jefferson County, Arkansas Facility and to Certify Order Approving Sale as Final Pursuant to Rule 54.02 Tenn.R.Civ.P. ("Motion for Approval of Pine Bluff Sale"). This Motion for Approval of Pine Bluff Sale came before the Court for argument on Monday, May 9, 2005.

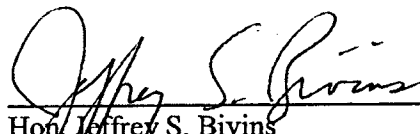
For the reasons set forth in the Receiver's Motion for Approval of Pine Bluff Sale, and in light of argument received on May 9, 2005, the Court grants the pending motion and approves the sale of the Pine Bluff, Arkansas Facility upon the terms set forth in the Letter of Intent documents attached as Exhibit A to the Motion for Approval of Pine Bluff Sale.

So as to make the record in this action clear, this Court had previously entered, on June 30, 2004, an order approving the sale of the Pine Bluff, Arkansas Facility, but it had been announced by the Receiver that that sale failed to close. The June 30, 2004 order is hereby VACATED and is replaced by this order. It is further ORDERED that the net proceeds from the sale of the Pine Bluff, Arkansas Facility, as released by the Arkansas court overseeing the receivership of that facility, are to be held by the Receiver until further directive of the Commissioner-in-Possession and Order of this Court.



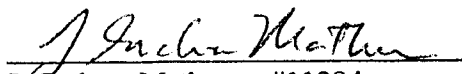
Additionally, the Court has considered the argument of the Receiver's counsel for certifying this Order as final pursuant to Rule 54.02 Tenn.R.Civ.P. Specifically, the Court has considered that, without this Court's order becoming final and then in thirty (30) days non-appealable, a title insurance policy would not likely issue and, thus, the sale of the Pine Bluff, Arkansas Facility would not be able to close. This factor dispositively weighs in favor of certifying this Order as final under Rule 54.02 Tenn.R.Civ.P. Accordingly, there appearing reason for such certification and there appearing no reason or just cause for delay, the Court finds that this Order shall constitute a final, ~~non-appealable~~^{final} order on the matters addressed herein and shall be considered as such upon entry on the docket. Rule 54.02 Tenn.R.Civ.P.

It is so ORDERED, this the 19th day of May, 2005.



Hon. Jeffrey S. Bivins
Circuit Court Judge Sitting As Chancellor

Submitted for Approval



J. Graham Matherne, #11294
WYATT, TARRANT & COMBS, LLP
2525 West End Avenue, Suite 1500
Nashville, Tennessee 37203-1423
(615) 244-0020

*Counsel for Receivership Management, Inc.
Receiver of Sentinel Trust Company, in Liquidation*

CERTIFICATE OF SERVICE

This is to certify that on May 5th, 2005 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, to:

Janet M. Kleinfelter
Senior Counsel
Office of the Attorney General
Financial Division
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P.O. Box 20207
Nashville, TN 37243

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Branstetter, Kilgore, Stranch & Jennings
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424 Church Street, Suite 2800
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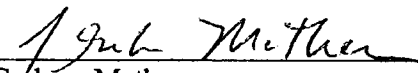
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J. Graham Matherne

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
PINE BLUFF DIVISION

FILED IN OPEN COURT
U. S. DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
5/27/05 *Agnes*

SENTINEL TRUST COMPANY,
As Indenture Trustee

PLAINTIFF

v.

NO. 5:01CV00115 GH

THE TEACHING MINISTRY d/b/a
TRINITY HEALTHCARE; CAMELOT
HEALTHCARE, LLC; SOUTHERN
HEALTHCARE, INC.; SOUTHERN
HEALTHCARE PARTNERSHIP; and
THE COUNTY OF JEFFERSON, ARKANSAS

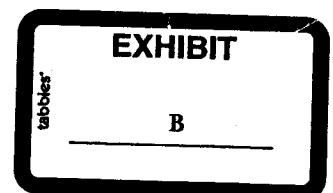
DEFENDANTS

**ORDER APPROVING SALE OF PINE BLUFF
JEFFERSON COUNTY, ARKANSAS FACILITY AND CERTIFYING
ORDER AS FINAL UNDER RULE 54(b) FED.R.CIV.P.**

On May 6, 2005, the Receiver, LTC Systems/RX, LLC, filed with the Court a Motion for Approval of Sale of Pine Bluff Jefferson County, Arkansas Facility and to Certify Order Approving Sale as Final Pursuant to Rule 54(b) Fed.R.Civ.P. ("Motion for Approval of Pine Bluff Sale"). This Motion for Approval of Pine Bluff Sale came before the Court for hearing on Friday, May 27, 2005.

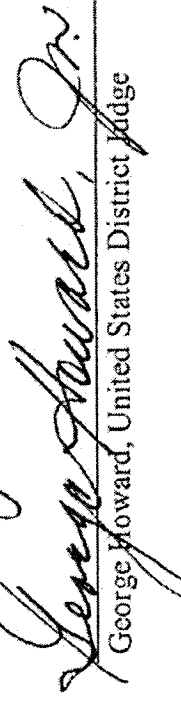
For the reasons set forth in the Receiver's Motion for Approval of Pine Bluff Sale, and upon the statements of counsel, the Court grants the pending motion and approves the sale of the Pine Bluff, Arkansas Facility upon the terms set forth in the Letter of Intent documents attached as Exhibit A to the Motion for Approval of Pine Bluff Sale.

Additionally, the Court has considered the argument of the Receiver's counsel for certifying this Order as final pursuant to Rule 54(b) Fed.R.Civ.P. Specifically, the Court has considered that, without this Court's order becoming final and then in thirty (30) days



non-appealable, a title insurance policy would not likely issue and, thus, the sale of the Pine Bluff, Arkansas Facility would not be able to close. This factor dispositively weighs in favor of certifying this Order as final under Rule 54(b) Fed.R.Civ.P. Accordingly, there appearing reason for such certification and there appearing no reason or just cause for delay, the Court finds that this Order shall constitute a final, non-appealable order on the matters addressed herein and shall be considered as such upon entry on the docket.

It is so ORDERED, this the 27 day of May, 2005.


George Howard, United States District Judge

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c/o David R. Schwarcz
and Klary E. Pucci
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Arkansas Department of Human Services
Office of Chief Counsel
P.O. Box 1437-Slot S260
Little Rock, AR 72203-1437

Arkansas Department of Human Services
Office of Long Term Care
P.O. Box 8059-Slot S404
Little Rock, AR 72203-8059

Mike Millar
Millar Gibson, P.A.
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Wyatt, Tarrant & Combs
2525 West End Ave.
Suite 1500
Nashville, TN 37203-1423

4jd\Clients\Reliance\LTC-Systems RX, LLC\Receiverships\Pine Bluff\LTC's Pine

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
PINE BLUFF DIVISION

SENTINEL TRUST COMPANY,
As Indenture Trustee

Plaintiff,

v.

THE TEACHING MINISTRY d/b/a
TRINITY HEALTHCARE, et al.

Defendants.

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Case No. 5-01 CV-00115
Judge George Howard

REPORT OF SALE,
MOTION FOR APPROVAL OF DISTRIBUTION OF SALE PROCEEDS
and FOR APPROVAL OF RECEIVER'S FEES

Comes the Receiver, LTC Systems/RX LLC, by and through its attorneys,
Millar Gibson, P.A., and submits this report and motion for consideration by the
Court, as follows:

1. That pursuant to the Order of this Court entered May 27, 2005 the
Pine Bluff Nursing Home property (the "Property") was sold at private sale for a
gross sale price of Eight Hundred Sixty Thousand and No/100 Dollars (\$860,000).

2. The sale proceeds have been distributed as follows:

Revenue to DFA	\$ 1,419.00
Title Insurance	\$ 2,095.00
Closing Fee	\$ 850.00
Tax Data Fee	\$ 30.00
Broker Commission	\$ 43,000.00
Recorder	\$ 50.00
'04 General Taxes	\$ 22,122.21
2005 Pro Rata Taxes	\$ 8,479.80
Search Fee	\$ 850.00
Title Co expenses	\$ 100.00

EXHIBIT

C

tabbles

2004 Pers Prop Tax	\$ 2,302.61
'01-'03 Property Tax	\$ 63,749.06
Tri-Health Receiver Fees	\$143,000.00
Receiver Atty Fee	\$ 750.00
Sentinel Trust Company	\$401,202.32

3. The Receiver retains the sum of \$170,000 of the sales proceeds in escrow pending a determination of the amount of (i) all operating expenses for operation of the nursing home Property to the date of sale which remain due after collection and application of outstanding accounts receivable, and; (ii) the balance due the Receiver for its fees.

4. Exhibit A attached hereto contains a summary of the fees charged by the Receiver herein at the rates provided in the Order appointing the Receiver, the payments made by the Receiver toward necessary operational expenses during the course of the receivership and the balance due as of the closing date of the sale, June 30, 2005, in the amount of \$75,541.25. Exhibit B identifies the employees of the Receiver and their respective responsibilities.

5. The receivership is expected to continue until such time as the Receiver collects all outstanding accounts receivable with respect to the operation of the Property prior to June 30, 2005. At such time as the Receiver petitions the Court to conclude the receivership proceedings the Receiver will submit a final motion for payment of Receiver's fees and expenses incurred after June 30, 2005.

WHEREFORE, the Receiver prays that the sale of the Property be confirmed and approved; that the distribution of proceeds as herein provided, be approved and confirmed in all respects; and that the Receiver be authorized to

disburse from escrow, the sum of \$75,541.25 in payment of its fees and advances through June 30, 2005; and for all other proper relief.

MILLAR · GIBSON, P.A.
Attorneys for LTC-Systems/RX, LLC

By: 

G. Michael Millar
401 W. Center
P.O. Box 1406
Searcy, AR 72145-1406
501/268-8220

CERTIFICATE OF SERVICE

Service of this pleading was had by placing a copy of same in the U.S. Mail with sufficient postage to insure delivery to:

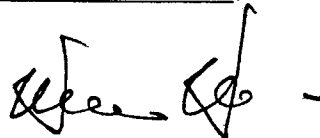
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Mr. Bruce Tidwell
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Little Rock, AR 72201

Mr. Robert Wyatt, Jr.
Baim, Gunti, Mouser, Robinson &
Havner
P.O. Box 5100
Pine Bluff, AR 71611

Dated this 4th day of August, 2005.



Millar · Gibson, P.A.
P.O. Box 1406
401 W. Center
Searcy, AR 72143-1406

**Pine Bluff Nursing Home
Summary of Fees and Payments
November 2003 - June 30, 2005**

<u>Monthly Charge Summary</u>		<u>Payment Detail</u>		<u>Balance</u>
November-03	7,205.10	January 29, 2004	7,205.10	-
December-03	29,620.00	March 1, 2004	29,620.00	-
January-04	11,511.75	March 1, 2004	11,511.75	-
February-04	14,225.00	April 27, 2004	14,225.00	-
March-04	12,271.00	April 27, 2004	12,271.00	-
April-04	6,412.50	August 13, 2004	6,412.50	-
May-04	7,447.10	September 17, 2004	7,447.10	-
June-04	7,541.25	October 15, 2004	7,541.25	-
July-04	2,798.50	November 17, 2004	2,798.50	-
August-04	4,295.00	December 9, 2004	4,295.00	-
September-04	7,612.50	January 7, 2005	7,612.50	-
October-04	6,425.00	February 15, 2005	6,425.00	-
November-04	6,292.50	March 11, 2005	6,292.50	-
December-04	5,335.00	April 8, 2005	5,335.00	-
January-05	6,682.50			6,682.50
February-05	7,058.75			7,058.75
March-05	34,678.75			34,678.75
April-05	10,087.50			10,087.50
May-05	5,890.00			5,890.00
June-05	11,143.75			11,143.75
Total Fees Charged	<u>204,533.45</u>	Total Payments Received	<u>128,992.20</u>	<u>75,541.25</u>

EXHIBIT A

**Pine Bluff Nursing Home
Fee Detail Calculation**

<u>Month</u>	<u>Employee</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
November-03	Lynda Mathis	7.50	\$ 85.00	637.50
November-03	Rita Carter	32.00	\$ 85.00	2,720.00
November-03	Lindsay Steelman	5.00	\$ 40.00	200.00
November-03	Amy Rollins	4.50	\$ 40.00	180.00
November-03	Casey Atkinson	13.00	\$ 40.00	520.00
November-03	Tobey Koehler	8.00	\$ 85.00	680.00
November-03	Brandon Adams	9.00	\$ 85.00	765.00
November-03	Bryan Adams	8.50	\$ 85.00	722.50
November-03	Boyd Wright	8.50	\$ 85.00	722.50
November-03	Out-of-Pocket			57.60
		<u>96.00</u>		<u>7,205.10</u>
December-03	Lynda Mathis	17.50	\$ 85.00	1,487.50
December-03	Rita Carter	131.00	\$ 85.00	11,135.00
December-03	Denise McClain	65.00	\$ 85.00	5,525.00
December-03	Sarah Rigglin	92.00	\$ 40.00	3,680.00
December-03	Lindsay Steelman	19.00	\$ 40.00	760.00
December-03	Amy Rollins	4.00	\$ 40.00	160.00
December-03	Casey Atkinson	60.25	\$ 40.00	2,410.00
December-03	Tobey Koehler	12.00	\$ 85.00	1,020.00
December-03	Brandon Adams	28.00	\$ 85.00	2,380.00
December-03	Bryan Adams	6.25	\$ 85.00	531.25
December-03	Boyd Wright	6.25	\$ 85.00	531.25
		<u>441.25</u>		<u>29,620.00</u>
January-04	Lynda Mathis	2.00	\$ 85.00	170.00
January-04	Rita Carter	61.00	\$ 85.00	5,185.00
January-04	Sarah Rigglin	40.00	\$ 40.00	1,600.00
January-04	Lindsay Steelman	9.75	\$ 40.00	390.00
January-04	Amy Rollins	4.00	\$ 40.00	160.00
January-04	Casey Atkinson	46.25	\$ 40.00	1,850.00
January-04	Debbie Urquhart	1.00	\$ 85.00	85.00
January-04	Tobey Koehler	3.00	\$ 85.00	255.00
January-04	Brandon Adams	13.50	\$ 85.00	1,147.50
January-04	Bryan Adams	3.50	\$ 85.00	297.50
January-04	Boyd Wright	3.50	\$ 85.00	297.50
January-04	Out-of-Pocket			74.25
		<u>187.50</u>		<u>11,511.75</u>
February-04	Lynda Mathis	1.50	\$ 85.00	127.50
February-04	Rita Carter	50.00	\$ 85.00	4,250.00
February-04	Sarah Rigglin	68.00	\$ 40.00	2,720.00
February-04	Lindsay Steelman	9.00	\$ 40.00	360.00
February-04	Bill Mainord	15.00	\$ 40.00	600.00
February-04	Casey Atkinson	44.75	\$ 40.00	1,790.00
February-04	Tobey Koehler	32.00	\$ 85.00	2,720.00
February-04	Brandon Adams	11.50	\$ 85.00	977.50
February-04	Bryan Adams	6.50	\$ 85.00	552.50
February-04	Boyd Wright	1.50	\$ 85.00	127.50
		<u>239.75</u>		<u>14,225.00</u>
March-04	Rita Carter	48.00	\$ 85.00	4,080.00

**Pine Bluff Nursing Home
Fee Detail Calculation**

<u>Month</u>	<u>Employee</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
March-04	Denise McClain	39.00	\$ 85.00	3,315.00
March-04	Lindsay Steelman	15.00	\$ 40.00	600.00
March-04	Amy Rollins	3.00	\$ 40.00	120.00
March-04	Casey Atkinson	31.75	\$ 40.00	1,270.00
March-04	Tobey Koehler	18.50	\$ 85.00	1,572.50
March-04	Brandon Adams	14.50	\$ 85.00	1,232.50
March-04	Out-of-Pocket			81.00
		<u>169.75</u>		<u>12,271.00</u>
April-04	Lynda Mathis	1.00	\$ 85.00	85.00
April-04	Rita Carter	16.00	\$ 85.00	1,360.00
April-04	Sarah Riffin	5.75	\$ 40.00	230.00
April-04	Lindsay Steelman	30.00	\$ 40.00	1,200.00
April-04	Amy Rollins	2.00	\$ 40.00	80.00
April-04	Casey Atkinson	19.25	\$ 40.00	770.00
April-04	Tobey Koehler	26.50	\$ 85.00	2,252.50
April-04	Boyd Wright	5.00	\$ 85.00	425.00
April-04	Out-of-Pocket			10.00
		<u>105.50</u>		<u>6,412.50</u>
May-04	Lynda Mathis	0.66	\$ 85.00	56.10
May-04	Rita Carter	16.00	\$ 85.00	1,360.00
May-04	Denise McClain	6.00	\$ 85.00	510.00
May-04	Sarah Riffin	8.50	\$ 85.00	722.50
May-04	Lindsay Steelman	16.00	\$ 40.00	640.00
May-04	Amy Rollins	9.00	\$ 40.00	360.00
May-04	Casey Atkinson	16.25	\$ 40.00	650.00
May-04	Tobey Koehler	15.00	\$ 85.00	1,275.00
May-04	Bryan Adams	8.00	\$ 85.00	680.00
May-04	Boyd Wright	8.00	\$ 85.00	680.00
May-04	MDS Boot Camp			500.00
May-04	Out-of-Pocket			13.50
		<u>103.41</u>		<u>7,447.10</u>
June-04	Lynda Mathis	0.75	\$ 85.00	63.75
June-04	Denise McClain	11.00	\$ 85.00	935.00
June-04	Sarah Riffin	26.00	\$ 85.00	2,210.00
June-04	Jessica Kelley	1.75	\$ 40.00	70.00
June-04	Lindsay Steelman	4.00	\$ 40.00	160.00
June-04	Amy Rollins	22.00	\$ 40.00	880.00
June-04	Casey Atkinson	21.25	\$ 40.00	850.00
June-04	Tobey Koehler	8.00	\$ 85.00	680.00
June-04	Brandon Adams	11.00	\$ 85.00	935.00
June-04	Bryan Adams	4.00	\$ 85.00	340.00
June-04	Boyd Wright	4.00	\$ 85.00	340.00
June-04	Out-of-Pocket			77.50
		<u>113.75</u>		<u>7,541.25</u>
July-04	Rita Carter	2.00	\$ 85.00	170.00
July-04	Jessica Kelley	2.25	\$ 40.00	90.00
July-04	Casey Atkinson	14.25	\$ 40.00	570.00
July-04	Tobey Koehler	15.00	\$ 85.00	1,275.00

**Pine Bluff Nursing Home
Fee Detail Calculation**

<u>Month</u>	<u>Employee</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
July-04	Brandon Adams	8.00	\$ 85.00	680.00
July-04	Out-of-Pocket			13.50
		<u>41.50</u>		<u>2,798.50</u>
August-04	Rita Carter	4.00	\$ 85.00	340.00
August-04	Veleta Holt	16.00	\$ 85.00	1,360.00
August-04	Sarah Rigglin	5.00	\$ 85.00	425.00
August-04	Jessica Kelley	1.25	\$ 40.00	50.00
August-04	Casey Atkinson	14.75	\$ 40.00	590.00
August-04	Tobey Koehler	14.00	\$ 85.00	1,190.00
August-04	Brandon Adams	4.00	\$ 85.00	340.00
		<u>59.00</u>		<u>4,295.00</u>
September-04	Lynda Mathis	3.50	\$ 85.00	297.50
September-04	Rita Carter	9.50	\$ 85.00	807.50
September-04	Denise McClain	20.50	\$ 85.00	1,742.50
September-04	Sarah Rigglin	19.00	\$ 85.00	1,615.00
September-04	Jessica Kelley	1.25	\$ 40.00	50.00
September-04	Casey Atkinson	30.50	\$ 40.00	1,220.00
September-04	Tobey Koehler	12.00	\$ 85.00	1,020.00
September-04	Brandon Adams	10.00	\$ 85.00	850.00
September-04	Out-of-Pocket			10.00
		<u>106.25</u>		<u>7,612.50</u>
October-04	Lynda Mathis	1.50	\$ 85.00	127.50
October-04	Rita Carter	1.00	\$ 85.00	85.00
October-04	Denise McClain	9.00	\$ 85.00	765.00
October-04	Sarah Rigglin	13.00	\$ 85.00	1,105.00
October-04	Lillian Aiken	22.00	\$ 85.00	1,870.00
October-04	Jessica Kelley	1.50	\$ 40.00	60.00
October-04	Casey Atkinson	16.75	\$ 40.00	670.00
October-04	Tobey Koehler	15.50	\$ 85.00	1,317.50
October-04	John Ellis	5.00	\$ 85.00	425.00
		<u>80.25</u>		<u>6,425.00</u>
November-04	Lynda Mathis	1.50	\$ 85.00	127.50
November-04	Sarah Rigglin	4.00	\$ 85.00	340.00
November-04	Lillian Aiken	46.00	\$ 85.00	3,910.00
November-04	Jessica Kelley	1.50	\$ 40.00	60.00
November-04	Casey Atkinson	14.25	\$ 40.00	570.00
November-04	Tobey Koehler	10.00	\$ 85.00	850.00
November-04	Pam Roberts	5.00	\$ 85.00	425.00
November-04	Out-of-Pocket			10.00
		<u>82.25</u>		<u>6,292.50</u>
December-04	Lynda Mathis	3.50	\$ 85.00	297.50
December-04	Rita Carter	2.00	\$ 85.00	170.00
December-04	Denise McClain	19.50	\$ 85.00	1,657.50
December-04	Sarah Rigglin	13.00	\$ 85.00	1,105.00
December-04	Lillian Aiken	8.00	\$ 85.00	680.00
December-04	Jessica Kelley	1.50	\$ 40.00	60.00
December-04	Casey Atkinson	10.25	\$ 40.00	410.00

**Pine Bluff Nursing Home
Fee Detail Calculation**

<u>Month</u>	<u>Employee</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
December-04	Tobey Koehler	10.00	\$ 85.00	850.00
December-04	Pam Roberts	1.00	\$ 85.00	85.00
December-04	Out-of-Pocket			20.00
		<u>68.75</u>		<u>5,335.00</u>
January-05	Lynda Mathis	3.00	\$ 85.00	255.00
January-05	Rita Carter	1.00	\$ 85.00	85.00
January-05	Denise McClain	0.50	\$ 85.00	42.50
January-05	Lillian Aiken	55.00	\$ 85.00	4,675.00
January-05	Jessica Kelley	2.00	\$ 40.00	80.00
January-05	Casey Atkinson	12.50	\$ 40.00	500.00
January-05	Tobey Koehler	6.00	\$ 85.00	510.00
January-05	John Ellis	5.00	\$ 85.00	425.00
January-05	Pam Roberts	1.00	\$ 85.00	85.00
January-05	Out-of-Pocket			25.00
		<u>86.00</u>		<u>6,682.50</u>
February-05	Lynda Mathis	0.50	\$ 85.00	42.50
February-05	Rita Carter	17.00	\$ 85.00	1,445.00
February-05	Lillian Aiken	39.00	\$ 85.00	3,315.00
February-05	Jessica Kelley	1.50	\$ 40.00	60.00
February-05	Amy Rollins	9.00	\$ 40.00	360.00
February-05	Casey Atkinson	13.50	\$ 40.00	540.00
February-05	Tobey Koehler	12.00	\$ 85.00	1,020.00
February-05	Pam Roberts	3.25	\$ 85.00	276.25
		<u>95.75</u>		<u>7,058.75</u>
March-05	Lynda Mathis	9.00	\$ 85.00	765.00
March-05	Rita Carter	128.00	\$ 85.00	10,880.00
March-05	Denise McClain	22.50	\$ 85.00	1,912.50
March-05	Sarah Riggins	17.00	\$ 85.00	1,445.00
March-05	Lillian Aiken	118.00	\$ 85.00	10,030.00
March-05	Jessica Kelley	2.00	\$ 40.00	80.00
March-05	Amy Rollins	39.50	\$ 40.00	1,580.00
March-05	Casey Atkinson	13.25	\$ 40.00	530.00
March-05	Boyd Wright	160.00	\$ 40.00	6,400.00
March-05	Pam Roberts	12.25	\$ 85.00	1,041.25
March-05	Out-of-Pocket			15.00
		<u>521.50</u>		<u>34,678.75</u>
April-05	Rita Carter	24.00	\$ 85.00	2,040.00
April-05	Denise McClain	1.50	\$ 85.00	127.50
April-05	Sarah Riggins	11.50	\$ 85.00	977.50
April-05	Lillian Aiken	41.00	\$ 85.00	3,485.00
April-05	Jessica Kelley	2.50	\$ 40.00	100.00
April-05	Amy Rollins	22.00	\$ 40.00	880.00
April-05	Casey Atkinson	12.75	\$ 40.00	510.00
April-05	Tobey Koehler	3.00	\$ 85.00	255.00
April-05	Pam Roberts	20.00	\$ 85.00	1,700.00
April-05	Out-of-Pocket			12.50
		<u>138.25</u>		<u>10,087.50</u>



Corporate Staff-LTC-SYSTEMS/RX

Nursing Consultation Services, Receivership Services
P.O. BOX 670
CONWAY, AR 72033
PHONE (501) 932-0022
FAX (501) 932-0394

Lindsay Steelman - Business Office Manager LTC-SYSTEMS/RX - Lindsays@ltcsystems.net 501-733-4078 All day-to-day operations and office duties including accounts receivable, accounts payable, payroll, corporate filings and other functions, supplies, insurance, worker's compensation and benefits, customer service and general questions regarding services, reservations, registrations, general marketing functions and special projects

Lynda Mathis - Director of Compliance - lynda@ltcsystems.net 501.351.1998 Medicare, Medicaid, Special Unit, Infection Control, Federal, and State regulation compliance, Survey and Certification issues, Clinical Services consultation, HIPAA implementation regarding Nursing, Quality Assurance programs, procedures, and data submission, mock surveys, and survey PoCs

Denise McClain - Clinical Services Consultant - denisem@ltcsystems.net 870.370.0829 consultation and training for day-to-day clinical management, pre and post survey assistance in maintaining compliance

Frosini Rubertino - Clinical Services Consultant - frosini@ltcsystems.net 479-366-1074 consultation and training for day-to-day clinical management, pre and post survey assistance in maintaining compliance

Lillian Aiken - Clinical Services Consultant - lillian@ltcsystems.net 870-377-0869 consultation and training for day-to-day clinical management, pre and post survey assistance in maintaining compliance

Mil Adams - Operations Consultant - mil@ltcsystems.net consultation and support for corporate operations of LTC Systems

Sarah Riggan - MDS Nurse Consultant - sarah@ltcsystems.net 501.351.1154 MDS and Care Plan issues, Americana System issues, admission and discharge from Medicare, MDS transmission issues, set up, and Global Dialer software questions

Rita Carter - Medicare Nurse Consultant - ritac@ltcsystems.net 501.450.2880 consultation and training for day-to-day Medicare management, admission and discharge from Medicare, general questions

Trish McInnis - Clinical Therapy Consultant - trishm@ltcsystems.net 501.231.3475 consultation and training for day-to-day therapy services and therapy record-keeping, general therapy questions

Casey Atkison - Receivership Homes - Financial Operations - casey@ltcsystems.net

Debbie Urquhart - Receivership Homes - Contract Services - debbie@ltcsystems.net

Amy Rollins - Receivership Homes - Administrative Services - amy@ltcsystems.net 501-730-6798

EXHIBIT B

MAY 24 2004

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT ARKANSAS

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
PINE BLUFF DIVISION**

MAY 18 2004

JAMES W. MCCORMACK, CLERK
By: *[Signature]* DEP CLERK

**SENTINEL TRUST COMPANY,
As Indenture Trustee**

Plaintiff,

v.

**THE TEACHING MINISTRY d/b/a
TRINITY HEALTHCARE, et al.**

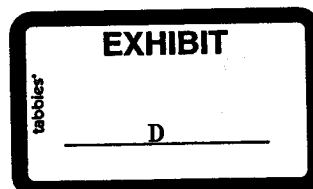
Defendants.

**Case No. 5-01 CV-00115
Judge George Howard**

AGREED ORDER ALLOWING RECEIVER'S FEE APPLICATION

This matter is before the Court on that certain Motion for Discharge and Approval of Final Fee Application (the "Application") of Tri Health Services, Inc. ("Tri Health"), and the responses and evidentiary submissions filed by Sentinel Trust Company, as indenture trustee ("Sentinel"), LTC-Systems/RX, LLC (the "Current Receiver"), and Tri Health. The parties, having agreed to settle the dispute, the Court orders the following with respect to the Application:

1. The Application is approved in part and disapproved in part. The Court orders that Tri Health be paid the sum of One Hundred Forty-Three Thousand Dollars (\$143,000) (the "Settlement Payment"). All other amounts claimed by Tri Health against this receivership estate, whether in the Application, due but unclaimed by Tri Health, or which may come due to Tri Health later, are hereby disallowed, the Settlement Payment being the full, total and final compensation and reimbursement of expenses to be paid to Tri Health in this matter.



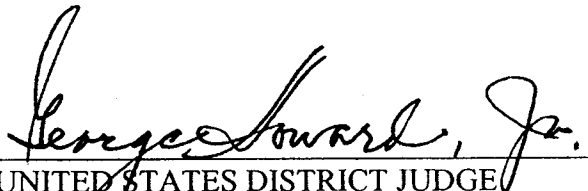
2. Tri Health is discharged from its duties as Receiver in this matter. With respect to all fees and expenses previously received by Tri Health for its duties as Receiver, the payment of those sums to Tri Health is hereby approved by the Court and shall not be subject to disgorgement or challenge after the date of submission of this Order to the Court by the parties.

3. Payment of the Settlement Payment shall come from the proceeds of any sale of the Pine Bluff Nursing Home located 3701 Main Street, Pine Bluff, Arkansas (the "Facility"). Neither Sentinel nor any other party, including the Current Receiver, shall be obligated to pay the Settlement Payment from any source other than the proceeds of the sale of the Facility.

4. At the closing of a sale of the Facility, after the payment of the commission and closing costs associated with such sale, the Settlement Payment will be paid to Jack Lyon & Jones, P.A.'s trust account for the benefit of Tri-Health. Upon satisfaction of closing costs, the Settlement Payment and the fees and expenses of the Current Receiver, the balance of any sales proceeds shall be remitted to Sentinel for application in accordance with the Bond Documents (as defined in the Verified Complaint).

5. This case shall not be dismissed upon motion by Sentinel unless and until the Settlement Payment has been paid.

IT IS SO ORDERED.


UNITED STATES DISTRICT JUDGE
Date: May 18, 2004

THIS DOCUMENT ENTERED ON
DOCKET SHEET IN COMPLIANCE
WITH RULE 58 AND/OR 79(a) FRCP
ON 5/19/04 BY [Signature]

APPROVED FOR ENTRY BY:



Michael R. Johns
DOVER DIXON HORNE PLLC
425 West Capitol Avenue, Suite 3700
Little Rock, AR 72201
Phone: (501) 375-9151
Fax: (501) 375-6484

And

John C. Tishler, pro hac vice
WALLER LANSDEN DORTCH & DAVIS, PLLC
511 Union Street, Suite 2700
Nashville, TN 37219
Phone: (615) 244-6380
Fax: (615) 244-6804

Attorneys for Sentinel Trust Company, as Indenture Trustee

G. Michael Millar
MILLAR GIBSON, P.A.
401 West Center
Searcy, AR 72145-8220
Phone (501) 268-8220
Fax (501) 278-5995

Attorney for To LTC-Systems/RX, LLC

Gary D. Jiles
JACK, LYON & JONES, P.A.
3400 TCBY Tower
424 W. Capitol Avenue
Little Rock, AR 72201
Phone (501) 375-1122
Fax (501) 375-1027

Attorney for Tri Health Services, Inc.

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT ARKANSAS

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
PINE BLUFF DIVISION**

DEC 11 2003

JAMES V. MCCORMACK, CLERK
By: [Signature] DEP. CLERK

**SENTINEL TRUST COMPANY,
As Indenture Trustee**

Plaintiff,

v.

**THE TEACHING MINISTRY d/b/a
TRINITY HEALTHCARE; CAMELOT
HEALTHCARE, LLC; SOUTHERN
HEALTHCARE, INC., SOUTHERN
HEALTHCARE PARTNERSHIP, and
THE COUNTY OF JEFFERSON
ARKANSAS,**

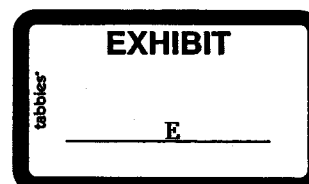
Defendants.

**Case No. 5-01 CV-00115
Judge George Howard**

**AGREED ORDER APPROVING TRANSFER OF RECEIVERSHIP DUTIES
TO LTC-SYSTEMS/RX, LLC AND INCREASING RECEIVER'S BOND**

This matter came on for consideration on the Emergency Motion Of Receiver To Approve Transfer Of Receiver's Duties To LTC-Systems/RX, LLC And To Increase Receiver's Bond(the "Motion") filed herein by Reliance Health Care Management, Inc., as receiver ("Reliance Health Care"). This Court, having reviewed the pleadings, considered the statements of counsel, and being fully advised in the premises, finds as follows:

1. On November 5, 2003, this Court entered its Order Substituting Receiver (the "Substitute Receiver Order") whereby Reliance Health was appointed as the substitute receiver to replace Tri Health Services, Inc. ("Tri Health") in this case to take immediate possession of that skilled nursing facility known as the Pine Bluff Nursing Home, located at 3701 South Main



Street, Pine Bluff, Arkansas, and all personal property located thereon (collectively, the "Nursing Home"), including the revenues generated thereby.

2. Due to the immediate nature of the need for the substitution of Tri Health as the receiver of the Nursing Home, Reliance Health Care's appointment as substitute receiver was pursued in an expedited fashion, allowing for little time to visit the Nursing Home or review its financial records in advance.

3. Reliance Health Care, while a reputable owner and operator of nursing homes throughout the State of Arkansas, is not in the business of acting as a receiver for such facilities. Accordingly, Reliance Health Care desires to take whatever action is necessary to segregate its receivership liabilities from its general business liabilities and assets.

4. At present, the Nursing Home, although currently operating and serving patients, does not have liability insurance coverage as a result of the severe financial distress it has been in since the inception of this case. As a result of the Nursing Home's financial condition, neither Reliance Health Care nor any subsequent receiver are in a position to procure liability insurance coverage for the Nursing Home. Accordingly, Reliance Health Care believes that it is in its best interests and those of the receivership estate, the patients, and the creditors in this case to have the Receiver deemed to be LTC-Systems/RX, LLC ("LTC"), an entity affiliated with Reliance Health Care and duly organized and in good standing under the laws of the State of Arkansas. A true and correct copy of LTC's Articles of Organization is attached to the Emergency Motion as Exhibit A.

5. Unless otherwise indicated, all capitalized terms herein shall have the meaning ascribed to them in the Original Receivership Order (as defined below).

6. Reliance Health Care has requested that the Court deem LTC to be the Receiver. The Court believes that LTC's appointment as the Receiver is in the best interests of Reliance Health Care, the receivership estate, the patients, and any other parties who might assert an interest in the Nursing Home or other Property. Three of the four principals of LTC are principals of Reliance Health Care.

7. The appointment of LTC as the Receiver will not result in any prejudice to the parties.

IT IS THEREFORE ORDERED, ADJUDGED and DECREED that the receivership is transferred to LTC and Reliance Health Care is relieved of all duties as receiver upon entry of this Order. LTC shall be and hereby is duly appointed as the Receiver to take immediate possession and control of the Nursing Home and other Property, including all cash, proceeds, profits, and revenues generated therefrom, either now existing or hereafter acquired.

IT IS FURTHER ORDERED that the Receiver is hereby granted the powers and authority usually held by receivers and reasonably necessary to accomplish the purpose of this receivership for the purposes of managing, operating, maintaining, and preserving the Nursing Home and other Property, and which were previously granted to the Reliance Health Care in the Substitute Receivership Order;

IT IS FURTHER ORDERED that the Receiver is also hereby granted any and all other rights as the Court may consider necessary pursuant to further application and Order of this Court, including but not limited to the powers enumerated in the Order Appointing Receiver entered by this Court on April 13, 2001 (the "Original Receivership Order"), which appointed Tri Health as receiver, and the Substitute Receivership Order;

IT IS FURTHER ORDERED that the Receiver is hereby empowered to take all necessary action to sell the Nursing Home and other Property, upon terms hereafter approved by the indenture trustee, Sentinel Trust Company ("Sentinel") and the Court.

IT IS FURTHER ORDERED that the compensation of the Receiver shall be paid in the same manner as Reliance Health Care in the amount of \$85.00 per hour for professional services and \$40.00 per hour for non-professional services, and that the Receiver shall be reimbursed for its expenses in accordance with the terms of the Original Receivership Order, to be paid on a monthly basis from the cash collateral generated by the Nursing Home with any shortfall to be paid with the proceeds of any sale of the Nursing Home at the sale's closing, including the premium paid by the Receiver in order to secure the necessary bond.

IT IS FURTHER ORDERED that the Receiver shall post a bond in the amount of \$200,000.00, with sufficient surety, prior to taking possession of the Nursing Home and other Property and assuming responsibilities as Receiver.

IT IS FURTHER ORDERED that, upon proper motion and notice to all parties, any party hereto or the Substitute Receiver may seek modification of this Order for cause.

IT IS SO ORDERED.

ENTERED this 11 day of December, 2003.

George Howard, Jr.
UNITED STATES DISTRICT JUDGE

THIS DOCUMENT ENTERED ON
DOCKET SHEET IN COMPLIANCE
WITH RULE 58 AND/OR 79(a) FRCP
ON 12/12/03 BY James

Agreed to by:



G. Michael Millar
Millar Gibson, P.A.
401 West Center
P.O. Box 1406
Searcy, Arkansas 72145-1406
Telephone: (501) 268-8220
Facsimile: (501) 278-5995

Attorneys for Reliance Health Care
Management, Inc., as Receiver

John Tishler by: Mike Millar
Approved by email 12-6-03

John C. Tishler
Waller Lansden Dortch & Davis
A Professional Limited Liability Company
511 Union Street, Suite 2100
Nashville, Tennessee 37219
Telephone: (615) 244-6380
Facsimile: (615) 244-6804

Attorneys for Sentinel Trust Company,
as Indenture Trustee

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served by First Class U.S. Mail, properly addressed and postage prepaid, upon:

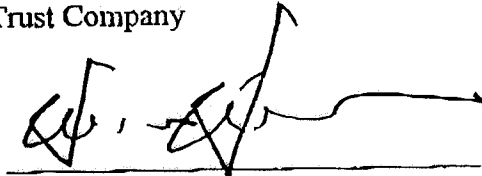
Bruce B. Tidwell, Esq.
Friday Eldredge & Clark, LLP
2000 Regions Center
400 W. Capitol Avenue
Little Rock, AR 72201

Robert L. Robinson, Esq.
Robinson, Staley, Marshall & Duke, P.A.
400 W. Capitol Avenue, Suite 2891
Little Rock, AR 72201-2441

Robert H. Wyatt, Jr.
Baim, Gunti, Mouser, Robinson
& Havner, PLC
301 East Sixth Avenue
P.O. Box 5100
Pine Bluff, AR 71611

John C. Tishler
Katie G. Stenberg
Waller Lansden Dortch & Davis, PLLC
511 Union Street, Suite 2100
Nashville, TN 37219
Counsel for Sentinel Trust Company

This the 9th day of ^{Dec.} November, 2003.

A handwritten signature in black ink, appearing to be "G. Michael Millar", written over a horizontal line.

August 10, 2005

VIA FACSIMILE (501) 932-0056
AND 1ST CLASS MAIL

Pam Roberts
General Counsel
LTC Systems/Reliance Health Care Management, Inc.
723 Parkway Street
Conway, AR 72034

**Re: Sentinel Trust / Jefferson County --
Pine Bluff Bond Issue**

Dear Pam:

This letter confirms our conversation yesterday and a subsequent conversation I had with LTC Systems' counsel, Mike Millar.

I have noted that in the Report of Sale/Motion for Approval of Distribution of Sale Proceeds pending in the Arkansas receivership court, there is no reference made as to what would be done if LTC Systems found itself with funds remaining from the \$170,000 after all fees and vendor/trade creditor debt is paid.

Instead of filing for a clarification with the Arkansas receivership court, we are satisfied with both your and Mr. Millar's position that, if such were the case, then the remaining funds would be transferred to the Tennessee Sentinel Trust Receiver.

Call with any questions.

Sincerely,

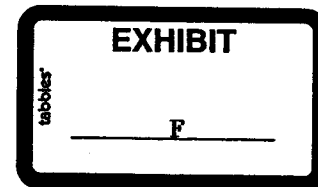


J. Graham Matherne

JGM/cc

cc: Jeanne B. Bryant (via fax and 1st Class Mail)
G. Michael Millar (via fax and 1st Class Mail)

45284708.1



*Sentinel Trust Company
Jefferson County, AR
Healthcare Facilities
First Mortgage Revenue Bonds,
Series 1999A and 1999B (Taxable) \$6,050,000
Series 1999C (Subordinate) \$1,500,000
(Pine Bluff Nursing Home Project)
Default Issue*

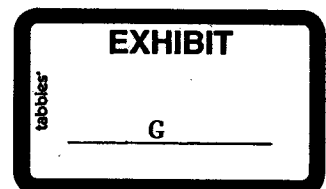
Proposed Final Accounting for Final Distribution of Proceeds From Sale of Collateral

Account Summary for Jefferson County, Arkansas
For the Period September 14, 2001 through June 30, 2005

Summary

Total Money Received from Sale of Collateral			\$401,202.32
Post- May 18, 2004 Charges Paid/to be Paid by Sentinel Trust Receivership:			
1) Hoffman Henry Insurance	\$	23,306.48	
2) Wyatt, Tarrant & Combs through 6/30/05		35,135.80	
3) Wyatt, Tarrant & Combs (estimate)		5,000.00	
4) Dover Dixon & Horne through 5/31/05		2,893.69	
5) Dover Dixon & Horne (estimate)		1,000.00	
6) Default Administration Fees (Receiver and RMI charges)		7,937.50	
7) Fees Paid to Buddy Skinner and Paul Williams		307.62	
8) Estimated reserve for further expenses		2,500.00	
Total:			(\$78,081.09)
Pre- May 18, 2004 Attorneys' Fees Owed on Jefferson County Default - Waller Lansden (\$37,282.35 @ 50%)	18,641.17		
and Dover Dixon & Horne (\$612.06 @ 50%)	306.03		(\$18,947.20)
Pre- May 18, 2004 Amount Due Pooled Fiduciary Account:			(\$260,323.88)
Remainder to Pooled Fiduciary Account (as partial payment of interest accrued at 1½%)			<u>(\$43,850.15)</u>

-0-



Sentinel Trust Company
Jefferson County, AR
Healthcare Facilities
First Mortgage Revenue Bonds,
Series 1999 \$6,050,000
(Pine Bluff Nursing Home Project)
Default Issue

Account Summary for Jefferson County, Arkansas For Period September 14, 2001 through May 10, 2004			Bond #172
Beginning Balance			32,921.85
Sale of Beds			220,000.00
Contributed Capital			245,000.00
Accounting Expense			(24,279.00)
Bank Charges			(10,382.45)
Insurance			(28,988.20)
Legal Expense			(156,129.76)
Taxes			(5,528.98)
Other Professional Fees			(109,103.14)
Operating Expense			(404,337.93)
Filing and Recording			(622.62)
Fiduciary & Default Admin. Fees			(18,873.65)
Subtotal			(260,323.88)
Interest Thru 05-31-04 on Pre 5-18-04 Overdraft			(90,251.43)
Interest After 05-31-04 on Pre 5-18-04 Overdraft			(38,508.92)
Payable Due Fiduciary Account			(389,084.23)
Fiduciary Fees			(30,250.00)
Interest Expense			(21,498.30)
Default Admin. Fees			(115,551.90)
Fees Paid			18,873.65
Payable Due Sentinel Trust Company			(148,426.55)
Account Balance May 10, 2004			(537,510.78)
Waller, Lansden, Dortch and Davis Pre May 18, 2004 Fees			(18,641.17)
(\$37,282.35 @ 50%)			
Dover Dixon Home PLLC Pre May 18, 2004 Fees			(306.03)
(\$612.06 @ 50%)			
Assessment of Fiduciary Fees for JEFFERSON COUNTY, ARKANSAS Post May 18, 2004			
Fiduciary Fee due June 1, 2004			(7,562.00)
Fiduciary Fee due for December 1, 2004			(7,562.00)
Default Administration Fees (Receiver and RMI)			(7,937.50)
Termination Fee based on Original Issue Amount:			(15,125.00)
Interest Assessment Charged to Overdrawn Accounts			(48,069.27)
Payable Due Sentinel Trust Company Post May 18, 2004			(86,255.77)
Hoffman Henry Insurance			(23,306.48)
Other Fee Assessment (Wyatt, Tarrant, and Combs Thru 06-30-05)			(35,135.80)
Other Fee Assessment (Wyatt, Tarrant, and Combs Estimate)			(5,000.00)
Other Fee Assessment (Dover Dixon Home Thru 05-31-05)			(2,893.69)
Other Fee Assessment (Dover Dixon Home Estimate)			(1,000.00)
Other Fee Assessment (Skinner & Williams)			(307.62)
Other Fee Assessment Estimate to close matter			(2,500.00)
Total Other Expenses Post May 18, 2004			(70,143.59)
Total Expenses Post May 18, 2004			(156,399.36)

Receivership Management, Inc.

P. O. Box 2307 Brentwood, TN 37024 (615) 370-0051 FAX (615) 373-4336

NOTICE TO BONDHOLDERS REGARDING FINAL DISTRIBUTION

\$7,550,000.00 COUNTY OF JEFFERSON, ARKANSAS (Pine Bluff Nursing Home Project) Series 1999A, 1999B (Taxable), and 1999C (Subordinate), (the "Bonds") Reportedly CUSIP#472713AA4, AC0 and AB2

Sentinel Trust Company ("the Trustee") serves as indenture trustee under that certain Mortgage and Trust Indenture dated as of December 1, 1999 between the Trustee and County of Jefferson, Arkansas (the "Issuer") and by assignment of that certain Loan Agreement Dated as of December 1, 1999 (the "Agreement"). The current outstanding principal amount of the Bonds is \$7,550,000.00.

The Receiver for Sentinel Trust Company has filed with the Chancery Court in Lewis County, Tennessee a Motion requesting approval to make distribution from the proceeds of the sale of the collateral concerning this bond issue and for a declaration that the Bonds are of no value. The Motion describes the circumstances of the sale of the collateral. It further sets forth all of the deductions expected from the proceeds from the sale of the collateral prior to the net proceeds being tendered to the Sentinel Trust Receiver. The total amount of proceeds the Sentinel Trust Receivership expects to have to address all claims pertaining to this Bond is \$401,202.32. As stated in the Motion, there exist claims relating to expenditures paid or accrued on the defaulted bond well in excess of that amount. These claims relate to the repayment of monies used for payment of services rendered in addressing the default, including attorneys' fees and default administration fees. Assuming those payments are approved by the court as requested, there will be no funds available for payments to bondholders. If the Court grants the Motion, your bond will be of no value, and there will be no necessity to send your bond to Sentinel for payment of any proceeds. As noted earlier, the Court is requested to find that the bonds are of no value.

Please refer to the Tennessee Department of Financial Institutions website at www.state.tn.us/financialinst/ to view the Motion and Exhibits. The Motion for Approval of Final Distribution will be heard by Judge Jeffrey S. Bivins in Lewis County Chancery Court in Hohenwald, Tennessee on August 29, 2005 at 9:00 a.m.

Bondholders with questions about this notice may contact the Receiver for Sentinel Trust Company, Jeanne Barnes Bryant at 615-370-0051.

Dated: August 15, 2005

Sentinel Trust Company, as Trustee

